

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA



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Application of Southern California  
Edison Company (U338E) for Approval  
for Its Building Electrification Programs.

Application 21-12-009

**PROTEST OF THE PUBLIC ADVOCATES OFFICE  
OF APPLICATION OF SOUTHERN CALIFORNIA EDISON COMPANY  
(U 338-E) FOR APPROVAL OF ITS BUILDING ELECTRIFICATION  
PROGRAMS**

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## I. INTRODUCTION

Pursuant to Rule 2.6 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits this timely<sup>1</sup> Protest to the *Application of Southern California Edison Company [SCE] for Approval of Its Building Electrification Programs* (Application).

In this Application, SCE proposes a portfolio of Building Electrification (BE) programs to support decarbonization of buildings in its service territory. SCE argues that these BE programs are in the public interest and provide net benefits to customers in the form of equity to vulnerable populations, market development for building electrification measures, health benefits related to indoor and outdoor air quality, cost savings, and building electrification-related jobs.<sup>2</sup> As proposed, SCE's BE programs would install 250,000 heat pumps and 65,000 electric panel upgrades, primarily for residential customers and with a focus on low-income and vulnerable communities.<sup>3</sup> SCE proposes a budget of \$677 million for 2024 through 2027 that would be collected through distribution rates,<sup>4</sup> with \$270 million capitalized and treated as regulatory assets on which SCE would earn a return.<sup>5</sup>

Cal Advocates protests SCE's Application to determine whether SCE's proposed BE programs, including SCE's budget request of \$677 million over five years, and proposed ratemaking treatment are reasonable and provide ratepayer benefits.

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<sup>1</sup> Southern California Edison Company (SCE) filed this Application on December 20, 2021 and it appeared on the Commission's Daily Calendar on December 21, 2021.

<sup>2</sup> Application of Southern California Edison Company (U 338-E) for Approval of Its Building Electrification Programs (SCE Application), pp. 9-12, December 20, 2021.

<sup>3</sup> SCE Application, p. 6.

<sup>4</sup> SCE Application, p. 6.

<sup>5</sup> Southern California Edison Company's Testimony in Support of its Application for Approval of its Building Electrification Programs, Volume 3: Cost Recovery (SCE-03), pp. 3-4, December 20, 2021.

## II. ISSUES TO BE ADDRESSED

Cal Advocates identifies several issues the Commission should consider within the scope of this proceeding. The list is not exhaustive, and Cal Advocates may identify additional issues that require further discovery and analysis as the proceeding develops.

The Commission should address the following issues in this proceeding:

- Whether SCE's request for customer-side infrastructure to receive regulatory asset treatment is just, reasonable, in the public interest, and should be granted.
- How the Commission should determine a reasonable period over which SCE would be authorized to earn a rate of return if the customer-side infrastructure is treated as a regulatory asset.
- Whether SCE ownership of customer-side infrastructure is legally permissible.
- Whether SCE's proposed ownership and control structure of the incentivized customer-side infrastructure is appropriate and in the best interest of ratepayers.
- Whether and to what extent will SCE bear performance risk for the customer-side infrastructure installed as part of the proposed BE programs.
- Whether SCE's BE programs are necessary, reasonable, and not duplicative of other ratepayer-funded programs, including but not limited to Building Decarbonization programs,<sup>6</sup> Energy Efficiency programs,<sup>7</sup> and SCE's Energy Savings Assistance (ESA) Program Building Electrification Pilot.<sup>8</sup>
- Whether SCE's proposed approach to incentive layering is appropriate, optimal, and in the best interest of ratepayers.
- Whether SCE's BE programs will effectively integrate with existing programs and proceedings, especially programs focused on lower-income and/or disadvantaged populations.<sup>2</sup>

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<sup>6</sup> The Commission's building decarbonization programs include the Building Initiative for Low-Emissions Development (BUILD) and the Technology and Clean Heating (TECH) Initiative. See Rulemaking 19-01-011.

<sup>7</sup> See Rulemaking 13-11-005.

<sup>8</sup> D.21-06-015, pp. 382-386.

<sup>2</sup> These programs may include the Energy Savings Assistance (ESA) program, the California Alternative Rates for Energy (CARE) program, and the Family Electric Rate Assistance (FERA) program.

- Whether SCE’s proposed BE programs will burden and/or benefit ratepayers in the short and long-term.
- Whether SCE’s proposed BE programs will support building decarbonization through “ready[ing] the market,”<sup>10</sup> as claimed by SCE.
  - How is SCE quantifying what a “mature market” consists of?
  - How will SCE demonstrate that the proposed BE programs will contribute to development of such a market?
- Whether SCE’s proposed budget is reasonable, including but not limited to, cost-effectiveness, administrative and other non-incentive spending.
  - What standard of review should apply to SCE’s requests for budget adjustments during the proposed mid-cycle review process?<sup>11</sup>
- Whether other non-ratepayer funds for SCE’s proposed BE programs are available and should be utilized.

### **III. CATEGORIZATION AND NEED FOR HEARINGS**

This proceeding has been preliminarily categorized as ratesetting.<sup>12</sup> Cal Advocates agrees that this proceeding is appropriately categorized as ratesetting.

At this time and given that Cal Advocates’ analysis of SCE’s application and discovery is ongoing, Cal Advocates anticipates a need for hearings in the instant matter to address material disputed issues of fact that would necessitate evidentiary hearings. Cal Advocates may identify disputed issues of fact at a later date following further discovery and analysis.

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<sup>10</sup> SCE Application, p. 10.

<sup>11</sup> Southern California Edison Company’s Testimony in Support of its Application for Approval of its Building Electrification Programs, Volume 3: Portfolio and Programs (SCE-02), p. 30, December 20, 2021.

<sup>12</sup> See Resolution ALJ 176-3500, January 13, 2022, Preliminary Determination Schedule, p. 1.

#### IV. PROCEEDING SCHEDULE

SCE provides a proposed schedule in its Application with intervenor testimony due March 21, 2022, and a Proposed Decision issued by November 2022. Cal Advocates anticipates that SCE's schedule will not provide sufficient time for parties to conduct the necessary discovery and analysis related to the issues discussed above and issues raised by other parties. To ensure sufficient time for parties to conduct discovery and develop testimony, Cal Advocates proposes the following alternative schedule.

<b>Event</b>	<b>SCE Proposed Schedule</b>	<b>Cal Advocates Proposed Schedule</b>
Application Filed	December 20, 2021	December 20, 2021
Protests to Application	January 20, 2022	January 20, 2022
Reply to Protests	January 31, 2022	January 31, 2022
Prehearing Conference	February 7, 2022	February 7, 2022 (or another date convenient for the Commission)
Intervenor Testimony	March 21, 2022	April 11, 2022 (or at least 8 weeks from issuance of Scoping Ruling)
Rebuttal Testimony	May 20, 2022	June 6, 2022
Evidentiary Hearings	June 3, 2022	June 27-July 1, 2022
Opening Briefs	July 2022	August 1, 2022
Reply Briefs	August 2022	September 1, 2022
Proposed Decision	September 2022	November 2022

## V. CONCLUSION

Cal Advocates recommends that:

1. The scope of this proceeding include, but not be limited to, the issues identified in this Protest;
2. The Commission adopt Cal Advocates' proposed schedule; and
3. This proceeding be categorized as ratesetting.

Respectfully submitted,

/s/ **MARTHA PEREZ**

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